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Chief, Intelligence Information Staff, OHR

27 August 1957

NOTE : [REDACTED]
THRU : Chief, Industrial Division, OHR *9/2/57*
 Chief, Military Economics Branch, D/I
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Revision of Requirements for Hungarian Refugees, December 1956
(OO/C Guide 220, OHR 10399)

It is requested that the requirements included below be included in the revised Requirements for Hungarian Refugees.

Part I. Finance

These questions deal primarily with the Hungarian system. In any instance where the source can provide comparable information for the USSR he should do so.

1. How are Hungarian military activities financed? Be specific. For example: a) what are the sources of funds for the Hungarian military? b) What budget categories include funds for the Ministry of Defense? c) How are Ministry of Defense purchases from the Hungarian armaments industry financed? d) Are all goods and services received by the Ministry of Defense purchased?
2. How is research and development financed? What are the sources of funds and is there any relationship between the source of funds and the type of research and development the funds support? Are research and development expenditures reflected in prices of finished military end items or other products?
3. How are the prices of military end items determined? What elements of cost (including profits and taxes) are covered? Are productivity gains over time reflected in prices and, if so, how?
4. Do trade prices for military goods differ from internal prices? If so, what accounts for the differences? At what rates of exchange is Soviet-Hungarian trade in military end items effected?
5. Are there any differences in prices to the military and to

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civilians for the same commodities? If so, what are the bases of these differences - e.g., reduced taxes, exclusion of some elements of cost?

6. Are these military personnel on duty at plants on the payroll of the plant, the Ministry of Defense, or both?

7. Does the Ministry of Defense own and operate any plants? If so, how are the operations of the plant financed? For example, are plant funds included in the Ministry of Defense's budget or in the appropriations for industrial activity? What financial arrangements exist for turning over finished products to the Ministry of Defense - e.g., is there a transfer of funds, how are prices established?

8. What is the extent of reparations and occupation costs? How are they handled in national accounts?

9. Indicate specific prices of military end items and whether Hungarian prices differ from Soviet prices. If differences exist, what accounts for them?

Part II. Military Pay

1. Give any specific rates of military pay known to source. For each pay item, give the military position held by the recipient and his rank.

2. Have source speculate on the general structure of the military pay system. For example, relationships between the pay of officers, reenlisted service men, and conscripts. Also, the system of special allowances possibly associated with types of positions, i.e., tank troops, fliers, special documents personnel etc.

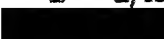
3. In general, what proportions of officers, non-coms and privates in relation to Table of Organization strength were present in units.

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